HFP
HARWOOD
FINANCIAL PLANNING

Mr David Coxon
31 Strawberry Fields
Kendal
Cumbria
LA9 7TA

23rd August 2024

Dear David,

Re: Pension Contribution

This report aims to summarise your objectives and then provide recommendations in order to keep your financial plan on track to meet these objectives.

Following on from the objectives and recommendations there is supporting information in the appendices including analysis that you may find useful.

Objectives

Your employer, Lakes Loos Ltd, has awarded you a £30,000 pension contribution, and you have asked for our recommendation on where it should invest it. You planned to make a contribution in January, but you choose to postpone it due to business conditions. As conditions have improved you would now like to top up your pension. Furthermore, you intend to make another contribution of £30,000 later in the 24/25 tax year.

Your objective is to build your retirement savings and have a goal of retirement at age 60 (Just over 12 years). You are looking for the potential for capital growth on your funds in a risk environment you are comfortable. It is also worth noting your retirement plan is complimented by a second property and your business; thus, you expect to have other sources of retirement income.

Recommendation

We are recommending that your employer contribution of £30,000 is made into your existing Pension savings account with Fidelity Adviser solutions and is invested into the Vanguard Lifestrategy 80% Equity fund.

Rationale

Vanguard Lifestrategy 80% Equity fund remains suitable for your circumstances; therefore, we recommend it remains in situ. We also believe it is suitable for your new funds as it has the potential for capital growth you require and is compatible with your agreed risk profile.

We trust that this letter provides an accurate summary of our discussions, and our recommendations are clear; however, should you have any concerns or wish to discuss any of the issues raised in more detail please do not hesitate to contact us.

Yours sincerely
For Harwood Financial Planning

Ryan J Woodhouse
Independent Financial Adviser/Director

To confirm you have read this report, your acceptance of our fact find, recommendation and consent for us to carry out this transaction, please email me (ryan@harwoodfp.co.uk) or send me a WhatsApp message.

Appendix 1: Disclosure

The scope of our service is explained in the client agreement we provided you with on 9th December 2022 and you confirmed you did not wish to place any restrictions on the types of products or investment strategy when making our recommendation.

Our advice provided to you is based upon the information you have previously disclosed and therefore if this letter does not coincide with your view of the situation, or you require any further clarification, please let us know at your earliest convenience. It is important to emphasise any information in relation to your circumstances that has not been disclosed could have affected our advice to you.

Our recommendations have been limited to your objective of reviewing your pension as this is the only financial planning area you wish to review at present. Therefore, you may have other financial planning needs that are not addressed in this report. **We note that your estate has the potential to attract Inheritance tax; thus, we would recommend you consult us in this area.**

Appendix 2: Your Attitude to Investment Risk

In order to understand what would represent an acceptable level of risk for you we follow a 3-step process. Firstly, we assess your psychological approach to risk through a risk questionnaire. Secondly, we assess your circumstances including your capacity for loss and investor experience and the final step is to combine the first two steps to arrive at a suitable level of investment risk.

The funds recommended are based on the level of risk you are prepared to accept. This was discussed following the initial completion of a risk profiling questionnaire in December 2022. Your risk profile was mapped to a 6 on a scale of 1 to 10 (a balanced growth investor).

6 - Balanced Growth Investor

As a balanced growth investor, you are happy to take on investment risk and understand that this is crucial in terms of generating long-term return. You are willing to take risk with most of your available assets. This would typically mean a portfolio invested in a combination of bonds, property, UK and International shares – the share component for a balanced growth investor would be between 40% and 75% of the portfolio value.

It is important to note that a balanced growth investment can fall as well as rise in value and it would be quite common for this type of investment to rise or fall by 25% over a 12-month period. Although your investment is unlikely to fall by more than 25% over a 12-month period it is still possible.

After a discussion surrounding your appetite for investment risk, we agreed to increase you to a 7 on a scale of 1 to 10, a growth investor.

7 – Growth Investor

As a growth investor, you are happy to take on investment risk and understand that this is crucial in terms of generating long-term return. You are willing to take risk with most of your available assets. This would typically mean a portfolio invested in a combination of bond, property, and UK and International shares – the shares component for a growth investor could be between 40% and 85% of the portfolio value.

It is important to note that a growth investment can fall as well as rise in value and it would be quite common for this type of investment to rise or fall by 30% over a 12-month period. Although your investment is unlikely to fall by more than 30% over a 12-month period it is still possible.

Full details of your risk profile discussion and capacity for loss can be found in the separate risk profile from 7th December 2022. This also confirms your investment experience.

During our discussions you confirmed you wished to continue with the profile originally agreed in December 2022. Your risk profile will be reviewed on an annual basis or if you inform us of a change in your circumstances.

Appendix 3: Plan Information

Plan	**Fund Value**
Fidelity Pension Savings Account	£35,528.05
Total	**£35,528.05**

Appendix 4: Risks

All the risks associated with this investment are detailed in the product literature provided to you when you started your plans. You should refresh your understanding on this information. In addition, you should take note of the following risks:

- You should remember that unit prices and the value of your investment can fall as well as rise and there is no guarantee you will receive a return of your original capital. Past performance is no guarantee of future returns.
- The value of investments is not guaranteed, and you may not receive back as much as you invested.
- If withdrawals from the plan exceed the growth being achieved your capital will be eroded.
- Any tax-free cash and indicative annuity or drawdown pension income amounts quoted on the illustration are based on many assumptions listed on the illustration. Actual benefit payable will be based on what happens in reality. You could receive lower or higher returns than the illustration indicates.
- Pension funds are typically held outside the estate for inheritance tax (IHT) purposes; however, any tax-free cash and/or income drawn from the pension and not spent will be included in the estate for IHT purposes and potentially incur an IHT tax charge on death.
- When you retire, your pension may be lower than illustrated if:
    - Investment performance is lower than illustrated.
    - You start taking your pension earlier than the illustrated retirement date.
    - Tax rules change.
    - Charges increase above those illustrated.

Appendix 5: Estimated Fee's/Charges (next 12 months)

Our Initial Fee for providing advice and arrangement of this new contribution will be 2.25% of the value invested. Based on your employer contribution of £30,000 this will equate to £675. This fee will be deducted from your plan on receipt of contribution.

Following this recommendation, the estimated ongoing charges/fees on Fidelity Pension Savings Account will be as follows (based on a value of £64,853.05):

Type of Charge	Charge (%)	Charge (£)
Fund Charges	0.22	142.67
Product Charge	0.32*	207.13
Ongoing Adviser Charge	0.80	518.82
Total Charge	**1.27%**	**£868.62**

*This fee includes an annual investor fee of £45. Once your account has a value over £100,000 the investor fee is waived under the present terms and conditions for a HFP client.

We believe it is important to review your investment strategy at regular intervals to ensure it continues to meet your aims and objectives. Full details of our service proposition are contained within our client agreement. We will review your plans annually.

Appendix 6: Miscellaneous

Product Documentation

The documentation provided at outset is important and contains information regarding the product which we have recommended, particularly with regards to how the product works, its aims, risks and charges, together with its legal status, tax treatment and your cancellation rights. Therefore, please ensure you have read this document carefully. If there are any points on which you are unsure, or require further clarification, please contact us and we will be pleased to explain these in greater detail.

Tax Treatment and Law

All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and His Majesty's Revenue and Customs (HMRC) practice. Levels and basis of tax relief are subject to change.

Financial Services Compensation Scheme (FSCS)

You may have full rights to the Financial Services Compensation Scheme (FSCS). The FSCS provides compensation should your chosen provider become insolvent and be unable to honour a claim under your policy. The levels of compensation vary depending on the type of contract concerned and the limits for each type of category are available at www.fscs.org.uk.

Wills and Lasting Powers of Attorney

You advised us that you do not have a valid Will in place or Lasting Powers of Attorney. We strongly recommend that you have a Will written as soon as possible as there can be tax-planning advantages from Will writing and this can ensure that as much as possible of your estate goes to those intended.

It would also be prudent to set up and register Lasting Powers of Attorney for "property and financial affairs", to ensure that in the event of your incapacity, your spouse /relative could act on your behalf.

Nomination on death

You have previously completed an expression of wish form. In the event of your death the policy proceeds, subject to the trustees' discretion, are paid to your chosen beneficiary. You nominated your wife, Sarah Jane Coxon.

What happens when you die? –

Should you die before age 75, the nominated beneficiary can receive a lump sum, drawdown an income or purchase a dependents annuity. All these options are paid free of tax.

Where you die after the age of 75 the same options are available, but tax is paid at the beneficiary's marginal rate of tax